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SUBJECT: (S) LIMMT INVESTIGATION

REF: BEIJING 1625

Classified By: Deputy Chief of Mission Daniel Piccuta.
Reasons 1.4 (b/d).

¶1. (S) On July 25, in his capacity as Charge d'Affaires a.i., Dan Piccuta met with MFA Department of Arms Control and Disarmament Director General Zhang Yan to urge him to share the results of China's investigations into the LIMMT (Dalian FTZ) Economic and Trade Organization's commercial activity and any action the PRC government has taken to prevent transfer of controlled or dual-use products and materiel to Iran.

¶2. (S) Zhang claimed that his office has tried to improve cooperation in this area through regular briefings on Chinese actions taken to follow-up on U.S. information. "Maybe you are not happy about the speed or the results of our investigations, but we are serious and sincere. We look forward to feedback on our efforts," he said. Charge reviewed the information Embassy Beijing shared with Zhang's office in February 06, March 06, July 06, October 06, and March 07 (reftel), with specific reference to MTCR-controlled materials such as graphite cylinders and tungsten powder shipments to Iran's Omid Research and Industrial Company. Charge specifically noted that although Embassy Beijing asked Zhang for an update on the LIMMT investigation in May 2007, we have still not received any information.

¶3. (S) DG Zhang reiterated that China strictly follows all international and Chinese domestic laws regarding exports of controlled or dual-use products. He said the United States should not attempt to expand the UNSCR limits beyond the letter of the UN resolutions nor attempt to apply U.S. domestic laws in foreign countries.

¶4. (S) Charge stressed the importance of sharing the results of their LIMMT investigation. The United States has been providing specific and reliable information regarding LIMMT's record of violations and proliferation for over a year and a half, and we need to see the investigation results as soon as possible, he said.

Another Issue: Arms Sales to Iran and Non-State Actors

¶5. (S) Zhang used the opportunity to request that the United States stop making statements that state or imply that China is supplying arms to insurgents, terrorists or other non-state actors. China, he claimed, only sells arms to foreign governments, and always in compliance with international and Chinese law. UNSCR 1747 has exclusion clauses, he claims, allowing China to complete delivery to Iran of previously contracted items. The Charge countered that these weapons are as much a threat to China as any other country and that it is in everyone's interest to stop their spread to nations that have proven track records of transferring the weapons to other countries and non-state actors. "We would of course like to see compliance beyond the letter of the UNSCR," Charge said.

RANDT

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